United Nations SSC/15/1

South-South cooperation for development

Distr.: General
2 April 2007

Original: English

High-level Committee on South-South Cooperation
Fifteenth session
New York, 29 May-1 June 2007
Item 2 of the provisional agenda*

Review of progress in the implementation of the Buenos Aires Plan of Action, the new directions strategy for South-South cooperation and the decisions of the Committee

Summary

The present report is submitted in response to decision 14/1 adopted by the High-level Committee on South-South Cooperation at its fourteenth session in 2005. It reviews progress during the 2005-2006 biennium in implementing the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries and the new directions strategy for South-South cooperation by Member States and the organizations of the United Nations system.

The report notes that significant progress has been made in the establishment of formal and informal channels for cooperation over the past several years. A persistent challenge at the national, subregional and regional levels, however, is how to effectively implement existing agreements and initiatives formulated at the global level. Promoting accountability in the adoption and integration of mechanisms for formal cooperation should be complemented with support for local initiatives, incorporating not only State actors but also civil society organizations, private businesses and individuals as key players in South-South cooperation.

* SSC/15/L.2.

07-29284 (E) 240407

Contents

		Paragraphs	Page
I.	Introduction	1–7	3
II.	Developing countries	8–40	4
	A. Africa	14–24	5
	B. Arab States	25–28	8
	C. Asia	29–36	8
	D. Latin America and the Caribbean	37–40	10
III.	Developed countries	41–49	11
IV.	United Nations system	50–65	13
V.	Emerging trends in the South	66–79	16
VI.	Conclusions and recommendations	80–83	19

07-29284

I. Introduction

1. There has been a notable upsurge in South-South cooperation driven by the outstanding economic performance of a number of developing countries, increased efforts towards subregional and regional integration and the emphasis placed on poverty reduction through initiatives aimed at meeting the Millennium Development Goals.

2. Against this background, a new development landscape is emerging, with the economies of some developing countries growing at rates far exceeding those of developed countries in recent years. The overall gross domestic product (GDP) growth rate among developing countries averaged 6.4 per cent in 2005 compared to the global average of 3.6 per cent.[1] While countries such as China and India have contributed significantly to this remarkable trend, economic growth in sub-Saharan Africa also accelerated from an average of 2 to 3 per cent in 2000 to 6 per cent in 2006, over twice the growth rate of high-income countries.[2]

3. The South is not only growing richer in absolute terms, but its collective economic impact on the global economy is also increasing significantly. For example, South-South trade is expanding more rapidly than other trade flows, by about 12 per cent per year. The developing countries' share of world trade increased from 24 per cent in 1990 to 33 per cent in 2004. While the majority of developing-country exports continue to go to countries in the North, 43 per cent of their exports now go to other developing countries. Moreover, capital flows, particularly in foreign direct investment (FDI), are also growing more rapidly between developing countries than North-South flows. Overall, the percentage of world FDI outflows from developing countries increased from 6.3 per cent in 2003 to 15 per cent in 2005.

4. Despite a number of positive developments in alleviating poverty, there is nevertheless widespread concern that a number of countries will fail to achieve the 7 per cent targeted growth rate in the face of persistent inequalities among the poorest countries. Least developed countries, landlocked developing countries and small island developing States continue to face unique challenges to development owing to geography, climate, disease and other related factors. Notably, 50 least developed countries account for 12.5 per cent of the developing world's population but attract only 1.5 per cent of current gross FDI flows.[3]

5. The agenda for South-South cooperation has expanded significantly to include not only economic and technical sectors but also security, good governance, health and the environment. Transnational security threats due to terrorism and diseases such as avian flu and HIV/AIDS as well as threats posed by natural disasters have created an incentive for coordinated South-South responses within and between regions. There is a growing consensus among scholars and practitioners that economic development, social development and environmental protection are interdependent and mutually reinforcing components of sustainable human

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[1] See United Nations Conference on Trade and Development, *Trade and Development Report 2006: Global Partnership and National Policies for Development*.

[2] See World Bank, *Global Development Finance 2006: The Development Potential of Surging Capital Flows*.

[3] United Nations Development Programme, *2006 Annual Report: Brokering Partnerships for Development*.

development. Access to clean water and sanitation and the prevention of disease are now the focus of numerous international, regional and domestic efforts to promote such development, as reflected in the United Nations Development Programme (UNDP) *Human Development Report 2006: Beyond scarcity: Power, poverty and the global water crisis*.

6. The present report provides a comprehensive overview of the major developments in South-South cooperation and monitors progress made in the implementation of the 1978 Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries and the new directions strategy for South-South cooperation. Findings are based on research conducted by the Special Unit for South-South Cooperation and on information provided by UNDP country offices, Governments, United Nations organizations, various reports and other information sources.

7. The report highlights key developments in South-South cooperation in the 2005-2006 biennium, including concerted efforts to address a number of transnational development challenges through intraregional and interregional South-South cooperation in trade, investment and science and technology. While the report notes a number of positive developments in the implementation of the Buenos Aires Plan of Action and the new directions strategy for South-South cooperation, it also highlights areas for improvement, including the need for better mechanisms to coordinate South-South cooperation and greater funding for such efforts. The report concludes with a set of recommendations for partner Governments, donors and United Nations organizations.

II. Developing countries

8. The outstanding economic performance of Brazil, China and India as well as a number of pivotal developing countries, including Chile, Malaysia, Singapore, South Africa and Thailand, has, through South-South cooperation, had a significant impact on the development prospects of other countries in the South. In 2005, the combined output of developing economies accounted for more than half of the total world GDP in purchasing power parity. The developing countries' share of world exports is now 43 per cent compared to 20 per cent in 1970. Economists are predicting the emergence of a new geography of trade, with key developing countries spurring the dramatic increase in South-South flows.

9. Despite the general trend towards economic growth in developing countries, significant imbalances in the distribution of net gains within the South remain. The Doha Round of trade talks, which started in 2006, seems, nevertheless, to have spurred interregional cooperation as well as growth in intraregional free trade agreements to counteract these imbalances. At its January 2007 summit, the 10-member Association of Southeast Asian Nations (ASEAN) moved to create a free trade zone by 2015 instead of 2020. Free trade zones have also been created in the Middle East through the establishment of the Greater Arab Free Trade Area in 2005 and in South Asia through the South Asian Free Trade Agreement in January 2006. In Africa, existing free trade zones such as the Common Market for Eastern and Southern Africa and the East African Community have been strengthened and consolidated through new and existing trade and development agreements.

10. The agenda for South-South cooperation expanded considerably in the biennium under review as specific challenges to global development have emerged in the form of natural disasters, growing concerns about the impact of climate change, terrorist attacks, the spread of HIV/AIDS and other transnational threats.

11. In response, countries of the South established new initiatives such as the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010 and the Convention on Biological Diversity in 2006, as well as the Mauritius Declaration and the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States of 2005, which provides a comprehensive plan among the 51 small island developing States to provide insurance arrangements for countries affected by natural disasters and a global early warning system.[4] In 2006, the Capacity-building Programme against Terrorism of the Intergovernmental Authority on Development (IGAD) opened its offices in Addis Ababa to promote regional responses to terrorism.

12. Science and technology exchanges have emerged as a key sector for South-South cooperation and sustainable development at the global and regional levels. The World Summit on the Information Society, at its second phase in November 2005, adopted the Tunis Commitment and the Tunis Agenda for the Information Society, reaffirming the Geneva Declaration of Principles and Plan of Action to build an inclusive, development-oriented information society.[5] Initiatives such as the $100 laptop launched at the World Summit promise to significantly improve children's access to primary and secondary education around the globe. The initiative has been embraced by Nigeria and Rwanda, strengthening triangular and regional cooperation for capacity-building in information and communications technology among developing countries.

13. The Group of 77 (G-77) has also accelerated its efforts to promote scientific and technological exchanges. At its ministerial meeting on science and technology, held in September 2006 in Rio de Janeiro, the G-77 launched the Consortium on Science, Technology and Innovation for the South, formerly the Third World Network of Scientific Organizations. Together these initiatives show that developing countries are collectively working to meet many of the objectives outlined in the Buenos Aires Plan of Action and the new directions strategy.

A. Africa

14. The rationale, priorities and strategies for South-South cooperation in Africa have found expression in the unprecedented international effort to eradicate poverty. During the "Year of Africa" in 2005, leaders at the Group of Eight (G-8) summit in Gleneagles, Scotland, announced the cancellation of debts owed to the African Development Fund, the International Monetary Fund (IMF) and the World Bank by 40 of the world's poorest countries. The G-8 countries further promised to increase aid to poor countries by $50 billion by 2010, with half going to Africa.

15. Economists are optimistic about growth trends in Africa, and are cautiously optimistic about the ability of the region to reach the Millennium Development

[4] www.un.org/smallislands2005.

[5] http://www.itu.int/wsis/index.html.

Goals target growth rate of 7 per cent per year by 2015. IMF has predicted that Africa's GDP will grow on an average of approximately 5.9 per cent in 2007, slightly under the Millennium Development Goals target set for 2015. The average growth rate masks significant disparities in the levels of economic growth within the region, however. For example, the economies of oil-producing States such as Angola, Mauritania and the Sudan are expected to grow by at least 10 per cent in 2007, while those of a number of least developed countries have experienced a decline. Oil and natural resources in Egypt, Morocco, Nigeria, South Africa and the Sudan attracted 66 per cent of investment in Africa in 2005. While FDI inflows to Africa have increased significantly in the past several years, the region received only 3 per cent of the global net FDI flows as of 2006.[6]

16. African regional and subregional organizations have reached a new level of vitality in promoting South-South cooperation through economic and political integration. The East African Community, comprising Kenya, Uganda and the United Republic of Tanzania, will formally admit Burundi and Rwanda as members in July 2007. Comoros and the Libyan Arab Jamahiriya joined the Common Market for Eastern and Southern Africa in 2006. Regional trade among African countries is now six times higher than the region's average trade with any other region, and there are now 30 regional trade arrangements in Africa. Additionally, the African Union, the New Partnership for Africa's Development and the Southern African Customs Union have taken proactive steps on a South-South basis to create partnerships with banks and civil society organizations to implement development programmes in a number of critical sectors, including science and technology, food security, infrastructure and health.

Science and technology

17. Efforts to meet the Millennium Development Goals have spurred African countries to devote greater resources to the development of science and technology. This is reflected in the launching of African Information and Communications Technology Week during the second phase of the World Summit on the Information Society in 2005 and subsequent high-level meetings, including the first African Ministerial Conference on ICT in Cairo in 2006 and the African Union Summit in January 2007, which was convened under the themes "Science, technology and scientific research for development" and "Climate change in Africa".

18. Another notable development is the attempts by Rwanda to become the "Silicon Valley of East Africa". Rwanda currently serves as the headquarters for the Eastern Africa Submarine Cable System initiative and chair of the working committee. This $280 million dollar project will serve Botswana, Kenya, Lesotho, South Africa, Uganda and the United Republic of Tanzania, providing fibre-optic communication systems throughout the region. The country's Vision 2025 to build a "modern, knowledge-based economy" has given impetus to similar projects in Sierra Leone and discussions about the potential for other landlocked developing countries to use the information and communications technology plans of Rwanda as a model.

[6] See United Nations Conference on Trade and Development, *World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development*.

Food security

19. Food security has been another priority focus for intraregional and triangular South-South cooperation in Africa. The African Union and the New Partnership for Africa's Development partnered with Nigeria and the Food and Agriculture Organization of the United Nations (FAO) to convene the Summit on Food Security in Africa in Abuja in 2006, building on the plan of action endorsed by world leaders at the World Food Summit in Rome in 1996. The Summit resulted in the development of a specific agenda for food security in Africa and a proposal to establish a technical aid corps in agriculture to promote the transfer of resources and technical knowledge between countries in the Africa region.

20. In addition, the first "Biofuels Markets Africa" conference was held in Cape Town in 2006 to spur information-sharing and the development of cost-effective, environmentally friendly fuels from agricultural crops. The issue also brought together public and private sectors in Brazil, India and a number of African countries, including a workshop on biofuel financing in West Africa, co-sponsored by the Bank for Investment and Development of the Economic Community of West African States and the United Nations Conference on Trade and Development (UNCTAD) in November 2006. Also in 2006, the African Development Bank approved the "New Rice for Africa" development project in seven West African countries for a total of $33.5 million. Consultations between the Africa Rice Center, the Japan International Cooperation Agency and the New Partnership for Africa's Development secretariat are in progress to expand the project in Central, East and Southern Africa.

Infrastructure

21. The African Development Bank has contributed to intra-Africa South-South cooperation by taking the lead in implementing regional development projects. From 2002 to 2005, the Bank financed 16 projects of the New Partnership for Africa's Development, totalling $629 million. In 2006, the Bank continued to work with the Southern African Development Community in promoting infrastructural development, and it will open additional field offices in a number of member countries of the community.

Health

22. The scientific community has partnered with regional organizations and Governments to address regional health crises such as malaria, tuberculosis and HIV/AIDS. In early 2007, the Intergovernmental Authority on Development signed an accord with the World Bank to support a Horn of Africa HIV/AIDS regional partnership programme to consolidate and integrate regional initiatives to address the spread of HIV/AIDS.

23. In January 2007, the African Union Summit highlighted gender disparities in health treatment and focused on women's health issues. The member States of the Union made implementation of health priorities a significant mandate for future meetings, while reaffirming their 2005 commitment to spend at least 15 per cent of their national budgets on health programmes.

24. The increase in intraregional South-South cooperation described above is further reinforced by interregional South-South flows of assistance to the continent, as described in section V below.

B. Arab States

25. Intraregional South-South cooperation has led to a significant increase in the level of trade among countries in the Arab States region: between 1998-2005, trade exports went from $14 billion to $41 billion and imports increased from $13 billion to $37 billion thanks to collaborative arrangements effected by the members of the Greater Arab Free Trade Area, the Gulf Cooperation Council and the Arab Maghreb Union.

26. A new vitality in regional and subregional cooperation emerged in January 2005 with the establishment of the Greater Arab Free Trade Area. The Area was created following an agreement made at the Arab League Summit in 1997 by 17 Arab League members. Arab Mediterranean States, including Egypt, Jordan, Morocco and Tunisia, also banded together to sign the Agadir Agreement in February 2004, which has yet to be fully implemented.

27. The secretariat of the Arab League has recently prepared a strategy for joint Arab economic action that includes the establishment of an Arab Union by 2015 and an Arab Common Market in 2020. The six-member Gulf Cooperation Council also plans to have a common currency by 2010.

28. The increase in intraregional cooperation has complemented increases in interregional South-South cooperation with Asia and Latin America. In 2006, the Gulf Cooperation Council held preliminary meetings for the establishment of a free trade agreement with Japan. It has also been in dialogue with China, the Common Market of the South (MERCOSUR), the European Union and countries in the Arab States region on establishing such agreements. Trade between the Arab States and China and India has been stepped up in recent years. This is evidenced by an increase of 34 per cent in trade between China and the member States of the Gulf Cooperation Council in 2006 and the high level of trade between those States and India, which currently comprises 15 per cent of the total foreign trade of India, largely concentrated in agricultural and processed food exports. The Gulf Cooperation Council countries have courted Indian investments in information technology, biotechnology, small-scale industry and pharmaceuticals as part of the larger "look east" policy of Saudi Arabia. Plans are under way for the establishment of a comprehensive economic cooperation agreement between the Council and India in 2007.

C. Asia

29. One of the notable developments in Asia is the rise of Asian countries as a source of FDI flows to other countries in the South. In 1980, FDI from this region totalled 23 per cent. By 1990, it had increased to 46 per cent, and was over 62 per cent in 2005.

30. Asia has also led the way in accelerating regional integration with institutions and mechanisms to promote monitoring and compliance with agreed frameworks.

The Boao Forum for Asia, established in 2001, has taken on the task of reducing poverty in support of the implementation of the Millennium Development Goals. In April 2006, at its annual conference, the organization signed a memorandum of understanding with the Asian Development Bank to realize common aims in promoting regional economic cooperation and integration. The 64 members of the Bank alone approved $5.8 billion in loans and nearly $200 billion in technical assistance in 2005, as part of a larger effort to reduce poverty through sustainable economic growth, social development and good governance.

31. Asian countries have also taken steps to deepen economic integration through the signing of a number of free trade agreements. In June 2006, China concluded the China-ASEAN Free Trade Agreement, which is to be fully implemented in 2010. The agreement promises to spur regional integration and to address innovative ways of maintaining a consistent food and energy supply. The South Asia Free Trade Agreement, sponsored by the South Asian Association for Regional Cooperation, entered into force in January 2006. Replacing the Association's Preferential Trading Arrangement, it aims to promote the creation of a free trade zone among the 1.4 billion people in Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. The member States of the Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation[7] account for 21 per cent of the world population and have a combined GDP of $750 billion. The member States of the initiative adopted a free trade pact, to be established by 2017, with the intermediate goal of trade liberalization by 2012.

32. Subregional integration has been strengthened, with greater consolidation of existing regional organizations as their membership expands. At its 2005 summit in Dhaka, the South Asian Association for Regional Cooperation agreed to organize development funds under a single financial institution with a permanent secretariat. The 30-member Asian Cooperation Dialogue admitted Tajikistan and Uzbekistan as members at its fifth ministerial meeting in Doha in May 2006 and agreed to draw up an energy action plan for research and development on energy security, infrastructure and trade. At its first finance ministers' meeting in Bangkok in March 2006, members of the organization also discussed such strategic issues as the formation of the Asian Bond Fund.

33. Another important regional organization, ASEAN, has announced steps to create "a more rules-based organization". At the twelfth ASEAN Summit in the Philippines in January 2007, leaders signed the Cebu Declaration on the Blueprint of the ASEAN Charter, directing a high-level task force to begin drafting the Charter, which is to be completed in time for the Association's thirteenth Summit in November 2007 in Singapore. ASEAN also put forth agreements on the protection and promotion of the rights of migrant workers and regional cooperation on counter-terrorism activities.

34. Intraregional cooperation has also increased significantly through the active partnership between China and ASEAN. By the end of 2005, China had invested $1.08 billion in ASEAN and Chinese enterprises had opened more than 1,000 enterprises in ASEAN countries. In 2006, China appropriated preferential loans in the amount of $5 billion to encourage Chinese enterprises to invest in ASEAN countries. China has also taken steps to develop its southern Beibu Gulf region into

[7] Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand.

an economic hub with Malaysia and other ASEAN member countries in an initiative called the "Pan-Beibu Gulf Rim Cooperation Plan". The plan would result in an expressway from Singapore to Nanning, the capital of the southern Guangxi Zhuang Autonomous Region of China.

35. Following a series of devastating natural disasters, such as the Indian Ocean tsunami in 2004 and the Kashmir earthquake of 2005, there is a strong incentive for South-South cooperation on disaster preparedness within Asia. The recently established ASEAN Earthquake Information Centre in Singapore facilitates dissemination of information to member countries through the Internet, while the Asian Disaster Preparedness Centre in Bangkok coordinates national early warning centres for tsunamis. At the 2006 summit of the Asian Cooperation Dialogue, leaders made arrangements for the establishment of an e-university to bridge the digital divide and to facilitate access to higher education for all member States of the organization. The declaration calls for joint efforts towards the establishment of an early warning and disaster relief system.

36. A number of countries, such as China and India, have established themselves as key players in the development of information and communications technology, while several others, including Costa Rica and the Philippines, are now quickly emerging as leaders in this field in their regions. India, in particular, is experiencing an information and communications technology boom in its media, computer, telecommunications and Internet industries, making it a key player in the global development of such technology. Its software and services markets now make up over 60 per cent of the country's exports. India has also partnered with UNDP through the latter's Asia-Pacific Development Information Programme on its information and communications technology for development projects in order to achieve its Millennium Development Goals.

D. Latin America and the Caribbean

37. Latin America has responded to rapid globalization by promoting intraregional and South-South triangular capacity-building through organizations such as the Caribbean Community (CARICOM), MERCOSUR and the South American Community of Nations. Like their African and Asian counterparts, countries in Latin America and the Caribbean have focused on issues relating to telecommunications, the environment and energy for sustainable human development.

38. The South American Community of Nations, established in 2004 as a free trade zone uniting two existing free trade organizations in Latin America, the Andean Community and MERCOSUR, has committed itself to the elimination of tariffs for non-sensitive products by 2014 and sensitive products by 2019. It expects to complete integration between the Andean Community and MERCOSUR in 2007.

39. MERCOSUR took proactive measures to enhance and strengthen cooperation within the region at its 2007 summit in Rio de Janeiro. In addition to accepting Bolivia as a new member, the Common Market Council decided to establish the MERCOSUR Social Institute, to be based in Paraguay. The recently established MERCOSUR Democracy Observatory will observe and monitor election processes in member States and conduct studies on the consolidation of democracy. The Common Market Council also approved the establishment of the MERCOSUR Training Institute, to be based in Uruguay, which will train public administration

workers in the MERCOSUR countries. In follow-up to the Summit in Rio de Janeiro, 11 projects, including a road recovery programme, will be funded by the MERCOSUR Structural Convergence Fund.

40. CARICOM has established mechanisms to advance the free movement of skilled nationals, goods and services in order to promote economic development among its members. Recently, it has partnered with FAO to promote food security and agricultural diversification through the Council for Trade and Economic Development. In February 2006, CARICOM and the United Nations Population Fund (UNFPA) launched a South-South Cooperation Initiative under the theme, "Transcending boundaries: Uniting people", to build regional capacity by promoting greater access to technical assistance and training opportunities in the areas of reproductive health and education, HIV/AIDS, life skills training, career planning, parenting and gender equality.

III. Developed countries

41. Developed countries have expanded the scope of cooperation in a number of areas complementing and strengthening intraregional and South-South partnerships in recent years. Support for South-South cooperation by developed countries is most evident in public efforts to implement agreements relating to debt relief, aid and other international initiatives to alleviate poverty in the world's poorest countries through the United Nations Millennium Declaration, the Monterrey Consensus, the Johannesburg Plan of Implementation and the Sao Paulo Consensus.[8]

42. The European Union has established strong ties with Latin America and the Caribbean. In 2005, the European Council, through the tenth European Development Fund, set aside approximately 22.7 billion euros for its cooperation with the African, Caribbean and Pacific States. The European Union held its fourth European Union-Latin America and Caribbean Summit in Vienna in May 2006. In addition, a European Union-Caribbean strategy was adopted in 2006 to foster growth and development within the region.

43. Japan has actively promoted South-South cooperation by establishing a systematic framework of triangulation under its Official Development Assistance Charter of 2003 and the Japan International Cooperation Agency. The Agency has established the Issue-specific Task Force on South-South Cooperation to enhance support for South-South cooperation-related activities and also recently undertook a third-party thematic evaluation of its South-South participation activities and policies, the results of which are described in a March 2006 report.[9]

44. Japan has focused on capacity-building within developing countries through its Third Country Training Programme, the third country expert dispatch initiative and its Partnership Programme, which have served as models for other developed countries. In March 2005, the Japan International Cooperation Agency also introduced the Asia-Africa Knowledge Co-creation Programme to engage African and Asian participants in sectors crucial to Africa's development, such as private-

[8] See United Nations Conference on Trade and Development, *Developments and Issues in the Doha Work Programme of Particular Interest to Arab Countries in the Context of Millennium Development Goals*, 2006.

[9] http://www.jica.go.jp/english/evaluation/program/thematic/pdf/2006_06_04.pdf.

sector and community development. Through the New Partnership for Africa's Development, Japan is now funding over 38 projects in infrastructure, covering water, transport, energy and information and communications technology in Africa.[10]

45. Japan has also continued support for Asia-Africa development programmes through its Tokyo International Conference on African Development (TICAD), including a public forum and television debate on trade and investment between Asia and Africa in November 2005, following the April launch of a web-based portal called the "TICAD-Exchange", to facilitate public-private partnerships in trade and investment between the two regions. Support and technical assistance for the joint initiative have been provided by numerous co-organizers and partners, including the United Nations Industrial Development Organization (UNIDO) and the World Bank.[11]

46. In addition to bilateral aid through the G-8 Summit, the United States of America has undertaken bilateral and regional initiatives to promote development in the global South, especially in Africa. It has proposed to double aid to sub-Saharan Africa between 2004 and 2010, launching the Millennium Challenge Account to provide up to $5 billion per year. In 2005, it allocated $2 billion to address humanitarian emergencies in Africa as well as $1.2 billion to fight malaria. In fact, the Global Development Alliance of the United States Agency for International Development (USAID) has supported a large number of triangular initiatives in all developing regions over the last few years. In December 2006, the United States renewed a trade agreement, the African Growth and Opportunity Act, which will help alleviate possible employment losses on the continent.

47. Triangular cooperation has also been effective in supporting peacebuilding efforts. During the United Nations 2005 World Summit, the G-8 countries committed themselves to train 20,000 peacekeepers for Africa. The new European Union Strategy for Africa seeks to step up efforts at all stages of the conflict cycle and to support the African Peace and Security Architecture.

48. Other important actors in triangular cooperation include Mexico, the Republic of Korea and other new members of the Organization for Economic Cooperation and Development (OECD) that also have significantly expanded triangular cooperation.

49. With the direct involvement of the Special Unit for South-South Cooperation, supported by the UNDP Bureau for Development Policy, some 15 emerging economies joined the Development Assistance Committee of OECD at a meeting in Paris in February 2005. One of the main outcomes of that meeting was a joint statement by the Development Assistance Committee and UNDP, in which the Committee agreed that South-South and triangular cooperation can improve aid efficiency and effectiveness in emphasizing ownership and inclusive partnerships. The Committee also committed itself to support a more systematic approach to sharing experiences, knowledge and lessons learned in the area of South-South and triangular cooperation. Significantly, the G-8 also recognized the importance of South-South cooperation in its Gleneagles Summit communiqué in 2005, as it had at its previous summits in Genoa in 2001 and Evian-les-Bains in 2003.

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[10] See New Partnership for Africa's Development, Fourteenth Summit of the New Partnership for Africa's Development Heads of State and Government Implementation Committee, Report of the Chief Executive Officer of the New Partnership for Africa's Development secretariat, 22 January 2006.

[11] http://www.ticadexchange.org/main2.asp?id=38&lan=en.

IV. United Nations system

50. The G-77 has played a significant role in setting the global agenda for South-South cooperation through its various conferences and forums. At the second South Summit, held in Doha in June 2005, the Heads of State and Government of G-77 and China clearly reaffirmed their commitment to advance South-South cooperation as an inclusive development agenda in their Declaration and Programme of Action. Similarly, at the 2005 World Summit, the world leaders, in their outcome document, recognized the achievements and great potential of South-South cooperation and encouraged the promotion of such cooperation and specifically invited countries to consider supporting the Special Unit for South-South Cooperation within UNDP in order to respond effectively to the needs of the developing countries.

51. The United Nations system, guided by the High-level Committee on South-South Cooperation, which provides oversight and is a governing body for system-wide support for South-South and triangular cooperation, continues to work on innovative ways to incorporate South-South cooperation into its agenda. Its progress can be noted through the work of various United Nations organizations, regional commissions and the specialized agencies, funds and programmes in their respective areas of competence, with the Special Unit for South-South Cooperation in UNDP serving as global and system-wide coordinator and focal point in this regard.

52. The Special Unit for South-South Cooperation has intensified its mandated efforts to advocate, initiate and promote South-South cooperation as a development agenda for global and system-wide support. It has worked to facilitate, catalyse and innovate public-policy-supported and market-based mechanisms to enable all development partners to engage in and support concrete South-South and triangular initiatives. It also has coordinated global and United Nations system efforts, monitored performance and reported to the General Assembly on progress and results of all relevant partners, forging inclusive partnerships and mobilizing resources while nurturing and consolidating three global and United Nations system-wide support platforms. These platforms are: (a) a global and system-wide policy dialogue and exchange platform among public- and private-sector and civil society entities to advance South-South cooperation as a development agenda; (b) a policy-supported, market-based and self-sustaining public-private partnership platform; and (c) a South-South development knowledge-sharing platform.

53. UNDP has supported numerous South-South initiatives through the sharing of good practices, experience and expertise among developing countries. Information gathered on the implementation of the 2004-2006 multi-year funding framework shows a general trend among developing countries to seek South-South exchanges in areas related to transnational and global challenges to sustainable development, such as the spread of disease, environmental hazards and natural disasters. For example, UNDP surveys reveal a significant increase in the level of South-South exchanges in 2005 owing to concerted responses to the Asian tsunami. There is also notable reliance by UNDP country offices on South-South exchanges to promote development in all of its practices, including: democratic governance; poverty reduction; crisis prevention and recovery; energy and environment; and HIV/AIDS. Significantly, 22 UNDP country offices have reported to the Special Unit for South-South Cooperation that there is increased national interest in South-South cooperation. The country offices attributed the increased number of South-South initiatives in their programming and policies between 2005-2006 to the global trend

towards subregional and regional integration, the need for concerted efforts by Governments to meet common challenges, the growing number of experts in the South and the need to work together to benefit from globalization. Despite the increased demand for South-South programmes, South-South exchanges still require additional support. Over half of the UNDP country offices that responded to the Special Unit questionnaire cited lack of mechanisms to manage and coordinate South-South cooperation as a factor hindering support to such cooperation in their countries. Nearly half of the respondents also indicated that lack of knowledge and information about other countries was a hindrance.

54. UNCTAD, continuing its support for South-South trade during the 2005-2006 biennium, provided a forum for developing countries to address the consequences of globalization, promulgating advisory services, policy research and analysis at the national, regional and international levels. Its *World Investment Report 2006* gives developing countries best-practice policy advice on attracting increased levels of FDI for sustained development.

55. Regionally, UNCTAD has continued its support to the Southern African Development Community in Africa through its project, "Support to the Southern African Development Community: regional integration and the multilateral trading system". In Latin America, UNCTAD signed a memorandum of understanding in February 2007 with Guatemala, offering support for the Business Information Centre of the Ministry of Economy.

56. In June 2006, UNIDO created a South-South capacity-building network for biosafety training, involving the University of Concepción, in Chile, the University of Dar es Salaam and the University of Malaya in Kuala Lumpur. In addition, it has set up the Center for South-South Industrial Cooperation in India. Work is under way to establish similar centres in Brazil, China, Egypt and South Africa in order to facilitate the diffusion of technical expertise and knowledge from emerging economies to the poor in other countries.

57. In the 2005-2006 biennium, FAO deepened its involvement in South-South cooperation, building on a policy adopted in 1994 to integrate this concept through its Special Programme for Food Security. FAO has had success in 10 cooperating countries, which have signed agreements with 28 host countries. Through the programme, Egyptian irrigation experts are sharing their knowledge in the United Republic of Tanzania and 500 Chinese field experts will spend the next few years in Nigeria. With support from FAO, Nigeria has taken steps to strengthen financial support for its national programme for food security, as indicated at its April 2006 donors' meeting. Nigeria has experienced an 8 per cent annual growth rate in the agricultural sector because of the FAO programme and it plans to enlarge it to reach at least 6 million beneficiaries.

58. FAO has also signed agreements with various other countries, including China and Tunisia. In May 2006, China agreed to send 3,000 experts and technicians in areas such as agronomy, irrigation, livestock, post-harvest handling and fisheries over a six-year period to help small-scale farmers and fisher people in developing countries to improve their productivity. Tunisia is sending 20 farming experts and technicians to Togo to work with local experts in the areas of crop intensification, water management and diversification of farming systems. FAO will share the cost of $3 million with both countries. Viet Nam also partnered with FAO at the end of

2005, agreeing to send experts to Mali to aid in food security improvement for three years.

59. The United Nations Educational, Scientific and Cultural Organization (UNESCO) expanded the reach of its South-South cooperation initiatives during the 2005-2006 biennium. In February 2006, its office in Brazzaville held the Forum on Developing Pan-African Cultural Synergies, which brought together cultural enterprises and civil society to share knowledge and competencies in order to expand South-South cooperation among multiple private stakeholders. UNESCO also co-sponsored, with the Academy of Sciences for the Developing World, the fourth Dubrovnik Conference on Sustainable Development of Energy, Water and Environment Systems in December 2006.

60. The African Trade Policy Centre, through the Economic Commission for Africa, has aided in developing general trade negotiation strategies and positions and provided trade analysis to member States. In 2006, the Commission and the New Partnership for Africa's Development secretariat agreed on a framework to facilitate more structured and systematic collaboration. The secretariat and the Regional Integration Division of the Commission plan to develop an infrastructure strategy for Africa for the next 25 years.

61. In its 2004-2005 programme, the Economic Commission for Latin America and the Caribbean undertook over 180 projects totalling almost $20 million to promote South-South cooperation. In 2006, a regional meeting in Santiago focused on monitoring progress for an action plan on "Information society technologies: enhanced continued education in environmental management and planning" to promote e-learning in environmental education in Costa Rica, Mexico and Nicaragua. The Commission has also implemented policies for the access and use of information and communications technology with financial assistance from the European Union, under the Alliance for the Information Society. In addition, it has partnered with the Network of Institutions and Experts on Social and Environmental Statistics to improve the effectiveness and monitoring of development policies.

62. In the Asian region, the Economic and Social Commission for Asia and the Pacific finalized the Trans-Asian Railway Network Agreement in November 2006 for the building of a transcontinental railway network between Europe and Pacific ports in China. Otherwise known as the "Iron Silk Road", the Trans-Asian railway system will consist of four main railway routes, including the existing Trans-Siberian railway, and routes connecting China to Kazakhstan, the Korean peninsula, Mongolia and the Russian Federation.

63. In the Middle East, the Economic and Social Commission for Western Asia has been active in promoting regional integration in information and communications technology and water resource management, as reflected in recent initiatives such as the Commission's workshop on the theme "Establishing Public-Private Partnerships for ICT Initiatives", hosted by the Ministry of ICT of Jordan in Amman from 26 February to 1 March 2007, and ongoing support for the Arab Integrated Water Resources Management Network.

64. The World Bank has undertaken a number of studies and academic programmes on the topic of South-South cooperation. In 2005, it organized, through its Indigenous Knowledge Programme, a pilot cross-regional distance-learning course on using indigenous knowledge for achievement of the Millennium

Development Goals, in collaboration with the Global Development Learning Network. The Bank also collaborated with the *Financial Times* and other partners in organizing the conference, "Southern Multinationals: A Rising Force in the World Economy", which was held in India in 2005.

65. Reflecting the global focus on Africa, the World Bank has put forth a plan entitled "Meeting the Challenge of Africa's Development", also known as the Africa Action Plan, which has a strong focus on increasing shared growth on the continent. Recent publications of the Bank have highlighted South-South cooperation as a significant driver for development, as is evident in reports such as *Global Development Finance* (2006), *Challenges of African Growth* (2007) and *Africa's Silk Road: China and India's New Economic Frontier* (2007).

V. Emerging trends in the South

66. There are a number of significant emerging trends in the South: a notable increase in interregional cooperation among Southern countries; the increased focus on African development, spurred in part by efforts to meet the Millennium Development Goals; and, finally, the rise of non-governmental organizations, civil society and individuals in business, science and human rights as important innovators in the facilitation of South-South exchanges. Such exchanges are increasingly characterized by a movement to address not only economic and technical issues but also a broader range of transnational threats and challenges to development.

Interregional cooperation

67. Interregional cooperation, as reflected in trade flows, public trade agreements and a number of high-profile summits during the 2005-2006 biennium, has reached a new level of significance for South-South cooperation. Interregional South-South trade has been spurred by globalization trends and the rise of many countries in the global South as important providers of development assistance to other developing countries over the last decade. Such providers of development assistance include Algeria, Botswana, Brazil, Chile, China, Colombia, Cuba, Ghana, India, Indonesia, Malaysia, Qatar, Singapore, South Africa, Thailand, Tunisia, Turkey and Venezuela (Bolivarian Republic of). One development of note is the rise of Asian countries as a source of FDI flows to other countries in the South. In 1980, FDI from this region amounted to 23 per cent of total FDI. By 1990, it had increased to 46 per cent and more recently exceeded 62 per cent in 2005.

68. The increase in bilateral and interregional cooperation and development assistance, in particular that provided by China to Africa, has been a significant development in recent years. The third summit of the Forum on China-Africa Cooperation, held in November 2006, was the largest ever gathering of Chinese and African leaders in Beijing. At the Forum, China promised to double aid to Africa by 2009 to approximately $1 billion, to establish a $5 billion China-Africa development fund to encourage Chinese companies to invest in Africa and to cancel all debt stemming from Chinese interest-free Government loans that had matured by the end of 2005 for the 31 heavily indebted poor countries and least developed countries in Africa that have relations with China.

69. The fiftieth anniversary of the Asian-African Conference (the Bandung Conference) in 2005 has provided momentum for increased trade and cooperation between Asia and Africa, as highlighted by the establishment of the New Asian-African Strategic Partnership.[12] Not surprisingly, trade between China and Africa grew dramatically, by 30 per cent, from 2005 to 2006, to $55 billion, a fivefold increase since 2001. China has recently increased the number of zero-tariff items from Africa from 190 to 440. Asia now receives 27 per cent of Africa's exports in contrast to only 14 per cent in 2000. Likewise, the share of Asia's exports to Africa has now risen to about 18 per cent per year.

70. The South American Community of Nations organized the first South America-Arab League summit in Brazil in 2005 as part of its ongoing efforts to promote dialogue with other developing regions. It was also a co-convener of the South America-Africa summit held in Abuja, Nigeria, from 30 November to 1 December 2006. Several Latin American States, including Brazil and Venezuela (Bolivarian Republic of), have invigorated South-South cooperation by deepening trade and interregional cooperation with Africa in recent years. There are currently around 3,000 Brazilian businesses investing or trading with African countries. Venezuela (Bolivarian Republic of) alone has doubled the number of its embassies in Africa over the past several years.

71. In the lead-up to the twenty-fourth session of the United Nations Environment Programme Governing Council in February 2007, Arab States and Latin American countries agreed to establish a joint framework for cooperation in areas relating to environmental protection in sectors such as drought, climate change, renewable energies, water resources, pollution control and urban environmental protection. At the January 2007 MERCOSUR summit in Rio de Janeiro, plans for a free trade agreement between MERCOSUR and the Gulf Cooperation Council were established; they are scheduled to be finalized in June 2007.

72. Combating the spread of diseases such as malaria, tuberculosis and HIV/AIDS has been the focus of numerous interregional South-South agreements. Numerous UNDP country offices, including the offices in Botswana, Burkina Faso, Cape Verde, Equatorial Guinea, Madagascar, Saudi Arabia, Thailand, the United Arab Emirates and Ukraine, report that HIV/AIDS is a key area where technical cooperation among developing countries and South-South cooperation have been undertaken most effectively in recent years.

73. At the first summit meeting of the India-Brazil-South Africa Dialogue Forum in September 2006, the three countries established a framework to combat HIV/AIDS, malaria and tuberculosis by increasing investments in vaccine research and improving access to new preventive medical technologies, in line with the World Trade Organization Agreement on Trade-Related Aspects of Intellectual Property Rights. Barbados and the Organization of Eastern Caribbean States reported that they had established, in partnership with UNDP, a formal dialogue on HIV/AIDS through the Global Development Learning Network, facilitating the exchange of ideas and experiences between the Caribbean and Africa.

74. The Dialogue Forum has played an important role in consolidating and facilitating interregional South-South cooperation, as reflected in its unanimous support for the establishment of a working group to implement the proposed India-MERCOSUR-South African Customs Union Trilateral Free Trade Agreement at the Forum's first summit meeting. In addition to discussing the implementation of

[12] http://www.naasp.gov.za/.

numerous international agreements in agriculture, security, transportation, health, the environment, trade and poverty alleviation, the fund of the Forum's Facility for Alleviation of Poverty and Hunger received renewed pledges at the summit from the Prime Minister of India and the Presidents of Brazil and South Africa to allocate at least $1 million a year to the Fund.

Other South-South partners

75. Just as the scope of South-South cooperation has expanded to cover new areas for collaboration, new actors have come to the fore as well, filling in gaps in implementation and strengthening South-South cooperation. Individual human rights advocates, including 2004 Nobel Peace Prize winner, Wangari Maathai, founder of the Green Belt Movement, are spurring new and innovative people-to-people mechanisms to enhance cooperation within the South. In addition, Southern scientists and economists are increasingly recognized for their innovative breakthroughs in research and development for successful sustainable development programmes, some of which are communicated widely by the Special Unit through its monthly e-newsletter.

76. Business entrepreneurs such as Dr. Mohammed Yunus, founder of the Grameen Bank and winner of the 2006 Nobel Peace Prize, have encouraged new ways of using locally based knowledge and resources to promote development in the South. The success of the Grameen Bank has led to the spread of similar lending programmes in Kosovo, India and Turkey and in Latin America. In addition, African Celtel executive, Dr. Mo Ibrahim, has adopted innovative ways of promoting good governance in developing countries. In October 2006, Dr. Ibrahim announced the establishment a Prize for Achievement in African Leadership, entailing a $5 million award spread out over 10 years for a sub-Saharan African president who, upon leaving office, demonstrates the greatest commitment to democracy and good governance.

77. Recent recipients of the World Food Prize have adopted innovative methods for development and poverty alleviation. Dr. Modadugu Gupta, the 2005 World Food Prize laureate, has been recognized for having single-handedly enriched the diets of the world's most impoverished people through innovations in fish farming and production, leading to a worldwide "blue revolution". Others, such as the Africa Rice Center, which produced new strains of rice in Africa, have spurred significant developments in sustainable development through low-cost innovative technologies. Dr. Pedro Prieto, from Colombia, received the first G-77 Award for Science, Technology and Innovation in September 2006 for his work on the physics of superconductivity and magnetism.

78. Universities have undertaken efforts to integrate South-South initiatives into their curricula, disseminating development theories and holding policy debates in the classroom. The Third World Academy of Sciences has partnered with the Indian Association for the Cultivation of Science and the National Centre of Excellence in Molecular Biology, and the International Centre for Chemical and Biological Sciences in Pakistan to complement the Academy's current South-South fellowship programme, which provides fellowships in institutions in Brazil, China and India.

79. Non-governmental organizations have also been key South-South coordinators, filling in gaps in implementation as first responders to global crises. They have increasingly focused their efforts on prevention, risk reduction and disaster preparedness through South-South cooperation.

VI. Conclusions and recommendations

80. Clearly, much progress has been made in the implementation of the Buenos Aires Plan of Action and the new directions strategy for South-South cooperation, but there are areas where more work needs to be done. The new dynamics in South-South cooperation, as seen in increased flows of South-South trade and investment as well as the trends towards regional integration, coupled with impressive economic performance in a number of developing countries all point to the urgent need for effective mechanisms to harness the bounty of knowledge assets, expanded markets, technological innovations and other rapidly growing endowments of the South for development.

81. The present report indicates that United Nations entities and regional organizations are increasingly adopting South-South approaches in their policies and operational programmes, particularly in dealing with transnational development challenges. However, the existing international development architecture often favours bilateral rather than multilateral South-South cooperation. This reduces the number of partners and the volume of resources available to support South-South activities, many of which remain ad hoc and misaligned with internationally agreed development goals, including the Millennium Development Goals. The High-level Committee on South-South Cooperation and other relevant intergovernmental bodies should therefore consider designing a new architecture to ensure coherence and coordination of South-South cooperation in addressing transnational development challenges at the subregional, regional and interregional levels.

82. The report also shows emerging opportunities for resource mobilization. Where South-South cooperation efforts had been directed primarily by Governments and intergovernmental agencies in prior decades, the recent trend has been a rise in the role of non-State actors, including multinational corporations, individuals, non-governmental organizations and other informal dialogue networks in the South. Given these emerging trends, the Special Unit for South-South Cooperation should intensify efforts to consolidate its system-wide support platforms to move South-South policy exchanges beyond dialogue to engagement with broad-based partnerships in the implementation of various South-South action plans. The Special Unit for South-South Cooperation and other partners in the United Nations system should also engage new actors towards the formation of public-private partnerships that are so essential to the evolution of innovative funding mechanisms to support concrete South-South programmes.

83. In keeping with the trends from the previous biennium, there is a renewed global consensus to push for the achievement of the Millennium Development Goals and other internationally agreed development goals. Much of the recent focus for development has been on sub-Saharan Africa, where 87 per cent of countries are characterized as low-income, and there is some concern that the Goals will not be met by most of those countries. This is in part the result of asymmetries in the distribution of the net economic growth in various regions, but it is also due to the lack of existing mechanisms to ensure implementation of global agreements at the national level. Integrating South-South cooperation into existing development frameworks such as the Millennium Development Goals would provide developing countries with more efficient and effective ways to achieve their development targets by 2015 while harnessing the tremendous human resources available in the developing world.